

Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 SS-20 NSC-10 L-03 DOTE-00

/090 R

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R 182246Z DEC 73

FM SECSTATE WASHDC

TO AMEMBASSY WARSAW

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E.O. 11652: N/A

TAGS: ETRN, PL

SUBJ: CIVAIR - PAN AM TICKET SALES

REF: WARSAW 6123 AND PREVIOUS

1. EMBASSY ACTIVITY AND REPORTING ON SUBJECT PROBLEM
HAVE BEEN APPRECIATED AND WE REGRET NOT HAVING RESPONDED
EARLIER. MAIN REASON FOR DELAY HAS BEEN CURRENT
PREOCCUPATION OF PAN AM WITH FUEL CRISIS.

2. CONCERNING PAN AM-LOT MEETING, LOT REPORTEDLY CLAIMED
THAT THE ISSUE OF EXPANDED SCOPE OF ZLOTY TICKET SALES
WAS NOT WITHIN ITS COMPETENCE. MINISTRY OF FINANCE AND/
OR BANKING REGULATIONS ARE THE DECISIVE FACTORS. LOT
STRESSED THE DESIRABILITY AND ADVISABILITY OF PAN AM
CONCERNING ITSELF MORE WITH THE SUBSTANCE OF THE CIVAIR
AGREEMENT (I.E. WHAT RESULTS IT WAS BRINGING) AND LESS
WITH THE FORM (I.E. "TECHNICAL" QUESTIONS ON
IMPLEMENTATION). THE CLEAR IMPLICATION, ACCORDING TO
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PAN AM, WAS THAT PAN AM WOULD CONTINUE TO DO WELL--AND

EVEN BETTER--IF IT ENCOURAGED AN ATMOSPHERE OF COOPERATION WITH LOT RATHER THAN UNILATERALLY SEEKING TO MAXIMIZE ITS ADVANTAGES. ON THE OTHER SIDE, THERE WAS A NOT COMPLETELY VEILED THREAT, AGAIN ACCORDING TO PAN AM, THAT IF THE US AIRLINE PUSHED TOO HARD, THE NET RESULT MIGHT BE THE OPPOSITE OF WHAT IT SOUGHT SINCE THE WARSAW-NEW YORK SALES FOR ZLOTIES ARE POSSIBLE ONLY ON THE GROUNDS OF "EXCEPTIONAL PERMISSION" WHICH HAS BEEN GRANTED BY THE BANK ON THE BASIS OF A RATHER MUTABLE LEGAL INTERPRETATION. PAN AM SAYS IT TOOK A FIRM LINE AGAINST THE IDEA OF ANY TRADE-OFFS (IT DID NOT REVEAL WHAT, IF ANYTHING, LOT MAY HAVE SOUGHT IN RETURN) AND THAT THE FINAL "RESULT" OF THE MEETING WAS A STAND-OFF.

3. IT SHOULD BE NOTED HERE THAT, EVEN BEFORE THE PAA-LOT MEETING, BOTH PAN AM AND WE BELIEVED THAT THE MATTER IS PRINCIPALLY A GOVERNMENTAL ONE, RATHER THAN ONE BETWEEN THE AIRLINES. WE HAVE ARGUED WITH PAN AM THAT ANY POTENTIALLY EFFECTIVE CONTINUATION OF CAMPAIGN TO OBTAIN BROADER ZLOTY SALES WOULD REQUIRE A WILLINGNESS TO TAKE A FIRM STANCE THAT, ABSENT WHAT WE BELIEVE TO BE FULL IMPLEMENTATION OF THE BILATERAL, THE USG WOULD HAVE TO CONSIDER TAKING SOME COMPENSATORY ACTION AGAINST LOT'S RIGHTS UNDER THE AGREEMENT. THAT IS, CONTINUED REPRESENTATIONS ARE NOT LIKELY TO BRING ANY POSITIVE RESULTS UNLESS WE ARE, BLUNTLY, PREPARED TO MAKE AND STAND BEHIND SOME TYPE OF THREAT.

4. IN VIEW OF INFORMATION SUCH AS CONTAINED PARA 3 WARSAW 5508, IT IS THUS NOT SURPRISING THAT, WHEN ASKED HOWHARD IT BELIEVES THE USG SHOULD PRESS THE POLES FOR FULL IMPLEMENTATION OF THE LOCAL TICKET SALES RIGHTS WE BELIEVE WE NEGOTIATED, PAN AM SAID IT DID NOT WANT US TO ROCK THE BOA.

5. IN ADDITION TO PRECEDING BACKGROUND, EVEN IF WE WANTED TO TAKE A FIRM STANCE WITH THE POLES ON THE ISSUE, THE TIMING IS CLEARLY NOT PROPITIOUS IN VIEW OF THE REDUCED LEVERAGE WE HAVE AS A RESULT OF LOT'S FUEL PROBLEMS IN THE UNITED STATES.

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6. IN SUM, SINCE THIS IS AN ISSUE WHERE WE PROBABLY SHOULD NOT GET TOO FAR OUT AHEAD OF THE AIRLINE WHOSE INTERESTS WE ARE PROMOTING AND WHERE, IN ANY EVENT, WE HAVE AT PRESENT LITTLE PROSPECT FOR SUCCESS, WE CONCLUDE WE SHOULD NOT PRESS THE POLES FURTHER FOR THE TIME BEING. ON THE OTHE* HAND, WE STILL BELIEVE THE US AIRLINE IS TECHNICALLY NOT OBTAINING ITS FULL RIGHTS UNDER THE AGREE-

MENT (REGARDLESS OF HOW WELL IT MAY BE DOING). WE THUS
DO NOT WANT TO CLOSE THE BOOK AND MAY WELL WISH TO REOPEN
THE MATTER IN 1974, PARTICULARLY IF LOT EXPRESSES AN
INTEREST IN EXPANDED RIGHTS IN THE US. WE WOULD BE
INTERESTED IN ANY RECOMMENDATIONS EMBASSY MIGHT HAVE
CONCERNING WHAT STEPS SHOULD BE TAKEN, IF ANY, TO KEEP THE
MATTER "PENDING" BEFORE THE POLISH AUTHORITIES FOR SUCH
TIME AS WE MAY WISH TO RESURRECT IT. RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 18 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE246672
Document Source: CORE
Document Unique ID: 00
Drafter: PGLASOE:TH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731218/aaaaamqh.tel
Line Count: 123
Locator: TEXT ON-LINE
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: WARSAW 6123 AND PREVIOUS
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 25 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25-Sep-2001 by smithrj>; APPROVED <11 MAR 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR - PAN AM TICKET SALES
TAGS: ETRN, PL
To: WARSAW
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005